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SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

CS-129

BAE

JULY-AUGUST 1950

Approved by the Outlook and Situation Board, August 28, 1950

SUMMARY

The supply of cotton for 1950-51 is estimated at around 16.8 million running bales, about 4-3/4 million bales less than in 1949-50 and on only about 2.0 million bales more than total disappearance in 1949-50.

The first official forecast of the 1950 cotton crop placed it at 10,308,000 bales, 500 pounds gross weight, compared with the 1949 crop of 16,128,000 bales and the 1939-48 average of 11,599,000 bales. The 1950 crop is expected to gin out at about 10.1 million running bales. The 1950-51 supply estimate also includes the August 1 carry-over of 6-1/2 million running bales.

Domestic mill consumption during the year ending in July 1950 totaled 8,870,000 bales. This was 14 percent more than the preceding season but 1,155,000 bales or 12 percent below 1946-47, the peak peacetime season, and substantially below 1941-42, when a record 11.2 million bales were consumed by domestic mills.

Exports of raw cotton in the 1949-50 season which ended in July were 5,905,000 bales--1,158,000 bales more than in 1948-49. Exports have not been this high since 1939-40 when 6.2 million bales were shipped abroad.

Prices for cotton in August were at the second highest level on record for the month. Middling 15/16 inch in mid-August, although lower than at the beginning of the month, averaged 37.39 cents per pound in the 10 markets. The peak price in August was only about 1.51 cents per pound below the all-time high for the month which occurred in early August 1920.

The prospective rise in industrial activity and military requirements point to a higher level of mill consumption in 1950-51 than in 1949-50.

THE DOMESTIC SITUATION

1950 Cotton Crop
10,308,000 Bales

The first official forecast, based on information as of August 1, placed the 1950 cotton crop at 10,308,000 bales, 500 pounds gross weight. This would be 36 percent smaller than last year and 11 percent smaller than the 1939-48 average. Cotton in cultivation on July 1 was 19,032,000 acres, 31 percent below 1949 and 12 percent below the 21,555,000 acres allotted nationally for the 1950 crop. If abandonment of cotton from natural causes in 1950 is equal to the 10-year average, 18,678,000 acres would be harvested.

The condition of the crop on August 1 was indicated at 75 percent of normal, compared with 80 percent last year, and the 1939-48 average of 76 percent. Boll weevil infestation was above average in many areas of the Central and Southeastern Cotton Belt with extremely heavy damage indicated for North Carolina, north Georgia, Alabama, Oklahoma, and parts of Arkansas and Louisiana.

Average yield of lint, is estimated at about 265 pounds per harvested acre, compared with 284 pounds in 1949 and the 1939-48 average of 261.3 pounds.

Supply in 1950-51 Declines
20 Percent from 1949-50

The current cotton crop is expected to gin out slightly over 10.1 million running bales. In this event, the total supply in the 1950-51 season will be around 16.8 million bales, including the carry-over on August 1 at 6.5 million bales.

A supply of 16.8 million bales would be about 4-3/4 million bales below the 1949-50 supply. It would be only about 2.0 million bales more than actual total disappearance in the season which ended on July 29.

Supplies of most of the higher and lower grades of cotton were relatively smaller than of the medium grades. As of June 30, less than 10 percent of the 3,338,000 bales in CCC pool from the 1948 crop was in Low Middling and lower grades.

1949-50 Disappearance 14-3/4 Million
Bales--Carry-over on August 1, 1950--
6.5 Million Bales

In the 1949-50 season which ended July 31, total disappearance was 14,812,000 bales--the third highest on record and the highest since 1928-29, when exports alone were 8.0 million bales. The 1949-50 total was 17 percent more than for the preceding season and 20 percent more than the 1935-39 average.

The carry-over on August 1, 1950 was 6,505,000 bales, substantially smaller than was indicated earlier in the season, but 1,218,000 bales more than a year earlier. About 2.8 million bales of the current carry-over were "free" stocks of which 1.4 million bales were in consuming establishments. Of the remaining 3.7 million bales about 400,000 were in CCC loans stocks from the 1949 crop and 3.3 million were held in CCC pooled stocks (1948 crop cotton).

Mill Consumption in
1949-50 --8.9 Million Bales

In July, the last month of the 1949-50 season, domestic mills consumed 611,000 bales of cotton bringing the season's aggregate to 8,870,000 bales. The 1949-50 total is 14 percent above the preceding season and 28 percent above the 1935-39 average.

The July daily rate of consumption was 32,100 bales, compared with 34,300 bales in June and 22,700 bales in July a year earlier. The decline of only 6 percent in the daily rate from June to July is substantially less than in any of the last 5 years, when the June-July decline ranged from 11 to 18 percent and averaged 15 percent.

Exports in 1949-50--
5.9 Million Bales

Net exports of raw cotton in 1949-50 were reported to be 5.9 million bales. This is nearly 25 percent more than the preceding season and the highest since 1939-40, when 6.2 million bales were shipped abroad.

Export data by country of destination is now available for only the first 11 months of the season. Exports in this period totaled 5,505,000 bales. Japan with 779,000 bales, France with 761,000, Germany with 726,000 and Italy with 716,000 were the largest importers, accounting for 54 percent of the total. Exports to all European countries participating in the ECA cotton program accounted for 61 percent.

Spot Prices Highest
During August in 30 Years

For several weeks prior to the first official acreage forecast on July 8, prices for spot cotton advanced fairly steadily. Between April 1 and July 7 Middling 15/16 inch advanced from slightly under 32 cents per pound to over 34 cents in the 10 designated spot markets. Prices rose sharply on July 10 following the release of the low acreage estimate. The market was strong during the remainder of July and spot prices for Middling 15/16 reached a 2-1/2 year high of 39.05 cents late in the month. Redemptions of CCC loan cotton and sales of pooled stocks increased. Approximately 1-1/2 million bales of this cotton entered trade channels during July. Prices declined in the first half of August and day-to-day fluctuations were relatively wide. Nevertheless, prices were the second highest on record for this time of the season. On August 15, Middling 15/16 inch averaged 37.39 cents per pound in the 10 spot markets, 7.78 cents per pound above the loan rate at the 10 markets and 6.13 cents above the comparable price a year earlier. This is the highest August price since 1920. The peak price for Middling 7/8 inch so far this August was 37.00 cents.

The volume of spot market sales recently have been at record levels. Reported sales averaged 358,000 bales for the two weeks ending August 11, compared with 76,000 in the corresponding period a year ago. Old crop cotton comprised the bulk of these sales but the new crop is entering trade channels in increasing volume.

Loan rates under the 1950 Cotton Loan Program were announced on July 28. The average loan rate for Middling 7/8 inch upland cotton gross weight is 27.90 cents per pound, 90 percent of the mid-July parity price. The average rate for Middling 15/16 inch is 29.45 cents per pound or 155 points higher than that for Middling 7/8 inch. Last season the average loan rate for Middling 7/8 inch was 27.23 cents, and for Middling 15/16 inch, 29.43 cents.

Table 1 .- Cotton: Exports from the United States, June 1950

Country of destination	Pima and Sea Island: 300,006	1-1/8" and over 300,206	1-1/6" to 1-1/8" 300,302	15/16" to 1-1/16" 300,304	Under 15/16": 300,308	Totals
	Running bales	Running bales	Running bales	Running bales	Running bales	Running bales
<u>EUROPE</u>						
Austria		1,184	4,396	13,852	---	19,432
Belgium		191	3,420	5,499	2,249	11,359
Czechoslovakia ..		---	1,100	1,450	---	2,550
Denmark		---	---	4,613	---	4,613
France		4,697	12,718	95,935	3,532	116,882
Germany		15,939	85,134	67,238	140	168,451
Greece		2,504	2,477	7,323	75	12,379
Hungary		---	1	200	---	201
Italy		640	25,509	71,188	12,771	110,108
Netherlands		4,314	9,318	13,851	---	27,483
Norway		---	---	1,774	---	1,774
Poland		---	---	859	---	859
Rumania		---	---	5,109	---	5,109
Spain		246	278	4,806	97	5,427
Sweden		---	55	3,005	---	3,060
Switzerland		156	50	1,935	---	2,141
Trieste		---	97	181	---	278
United Kingdom ..		7	41	1,857	14	1,919
Total Europe ..		29,878	144,594	300,675	18,878	494,025
<u>AMERICA</u>						
Canada		293	4,006	20,816	913	26,028
Colombia		2,008	8,230	2,045	---	12,283
Chile		92	3,637	---	---	3,729
Cuba		---	---	100	---	100
Venezuela		221	---	---	128	349
<u>OTHERS</u>						
China		---	---	7,203	15,599	22,802
French Indo China:		1,385	2,077	888	500	4,850
French Morocco ..		---	303	1,400	---	1,703
Hong Kong		150	500	5,932	8,808	15,390
India		22,021	920	7,686	5,259	35,886
Indonesia		---	---	1,000	---	1,000
Japan		---	23,821	58,781	26,658	109,260
Korea		---	98	2,837	6,136	9,071
Palestine		---	500	---	---	500
Philippine						
Republic		295	---	568	---	863
Taiwan (Formosa) :		---	---	---	2,010	2,010
Union of						
South Africa		---	---	684	---	684
Totals	0	56,343	188,686	410,615	84,889	740,533

Table 2 .- Cotton: Exports from the United States to specified countries, August-June, average 1935-39, 1940-44 and 1946-49

Country of destination	Year beginning August 1					
	Average	Average	1946 1/	1947 1/	1948 2/	1949 3/
	1935-39	1940-44	1946 1/	1947 1/	1948 2/	1949 3/
	Running bales	Running bales	Running bales	Running bales	Running bales	Running bales
<u>EUROPE</u>						
United Kingdom	1,246	643	469	253	717	572
Austria	4/	0	4	4/	70	57
Belgium and Lux.	155	14	175	49	139	181
Czechoslovakia	58	2	97	21	30	52
Denmark	30	0	0	0	27	31
Eire	0	0	4/	1	3	3
Estonia	8	0	0	0	0	0
Finland	30	5	22	26	30	3
France	618	55	380	192	631	761
Germany	468	0	198	244	452	726
Gibraltar	0	0	0	0	0	0
Greece	3	3	10	1	9	46
Hungary	4	0	0	4/	6	23
Italy	407	0	427	59	609	716
Latvia	6	0	0	0	0	0
Netherlands	97	2	112	33	181	248
Norway	15	1	4	3	15	8
Poland and Danzig ...	161	3	46	47	79	28
Portugal	33	4/	0	0	4/	0
Spain	98	95	41	2	55	56
Sweden	104	15	22	6	4/	25
Switzerland	10	2	19	2	35	40
U.S.S.R.	4/	28	0	0	26	0
Yugoslavia	16	3	73	0	39	22
Other Europe	4	0	0	0	26	9
Total Europe	3,573	871	2,099	938	3,189	3,607
<u>OTHER COUNTRIES</u>						
Canada	273	259	308	132	276	253
Mexico	0	4/	4/	4/	0	0
Cuba	10	5	33	13	6	4/
Colombia	17	3	1	1	44	56
India	51	4/	0	9	2	392
China	112	20	485	211	270	113
Japan	1,065	25	504	435	570	778
Honk Kong	4/	4/	2	0	28	119
Australia	8	11	9	10	0	0
Palestine	0	0	2	3	9	7
French Indo China ...	20	7	5	4	7	10
Korea	0	0	0	59	31	51
Other countries ...	26	13	11	6	95	119
World total	5,156	1,214	3,460	1,819	4,526	5,505

Compiled from reports of the Bureau of the Census.

1/ Excludes War Department Shipments. 2/ Includes Army Civilian Supply Exports.

3/ Preliminary. 4/ Less than 500 bales.

All totals were made before figures were rounded.

Table 3.-- Cotton, American Upland: Grade and staple length of 1948 crop in CCC pooled stocks as of June 30, 1950

[illegible]

Table 4.- Cotton, all growths: Stocks, production, trade and mill consumption, United States, 1919-20 to date

Crop year beginning August 1	Carry-over: August 1	Production	Imports ^{1/}	Total carry-over, production and exports	Exports	Mill consumption	Total exports and mill consumption
	1,000 running bales	1,000 bales 500 pounds	1,000 bales 500 pounds	1,000 bales	1,000 running bales	1,000 running bales	1,000 running bales
1919	4,287	11,411	700	16,398	6,545	6,420	12,965
1920	3,563	13,429	226	17,218	5,745	4,893	10,638
1921	6,534	7,945	363	14,842	6,184	5,910	12,094
1922	2,832	9,755	470	13,057	4,823	6,666	11,489
1923	2,325	10,140	292	12,757	5,656	5,681	11,337
1924	1,556	13,630	313	15,499	8,005	6,193	14,198
1925	1,610	16,105	326	18,041	8,052	6,456	14,508
1926	3,543	17,978	401	21,922	10,927	7,190	18,117
1927	3,762	12,956	338	17,056	7,542	6,834	14,376
1928	2,537	14,477	458	17,472	8,044	7,091	15,135
1929	2,312	14,825	378	17,515	6,690	6,106	12,796
1930	4,530	13,932	108	18,570	6,760	5,263	12,023
1931	6,370	17,097	132	23,599	8,708	4,866	13,574
1932	9,678	13,003	130	22,811	8,419	6,137	14,556
1933	8,165	13,047	148	21,360	7,534	5,700	13,234
1934	7,744	9,636	107	17,487	4,798	5,361	10,159
1935	7,208	10,638	155	18,001	5,973	6,351	12,324
1936	5,409	12,399	253	18,061	5,440	7,950	13,390
1937	4,499	18,946	159	23,604	5,598	5,748	11,346
1938	11,533	11,943	150	23,626	3,327	6,858	10,185
1939	13,033	11,817	168	25,018	6,163	7,784	13,947
1940	10,564	12,566	193	23,323	1,112	9,722	10,834
1941	12,166	10,744	274	23,184	1,125	11,170	12,295
1942	10,640	12,817	178	23,635	1,480	11,100	12,580
1943	10,657	11,427	135	22,219	1,138	9,943	11,081
1944	10,744	12,230	193	23,167	2,007	9,568	11,575
1945	11,164	9,015	349	20,528	3,595	9,163	12,758
1946	7,326	8,640	284	16,250	3,544	10,025	13,569
1947	2,530	11,860	244	14,634	1,968	9,354	11,322
1948	3,080	14,877	176	18,133	4,748	7,795	12,543
1949	5,287	16,128	254	21,669	5,905	8,870	14,775
1950	6,505	10,308					

Carry-over, imports, exports and mill consumption from Reports of the Bureau of the Census. Production from Reports of the Crop Reporting Board.

^{1/} Imports for consumption. (Cotton Production and Distribution Bul. 186 p. 45.)

Table 5.- Cotton, foreign growths: Imports into the
United States, 1915 to date 1/

Crop year: beginning: Total <u>2/</u> August 1 :	Egypt	India	Pakistan:	China	Peru	Mexico	All others
: 1,000 : bales : 500 : pounds	1,000 bales 500 pounds	1,000 bales 500 pounds	1,000 bales 500 pounds	1,000 bales 500 pounds	1,000 bales 500 pounds	1,000 bales 500 pounds	1,000 bales 500 pounds
1915 : 437.6	350.8	4.2	<u>3/</u>	35.8	10.9	30.1	5.8
1916 : 292.0	199.9	3.9	<u>3/</u>	36.1	11.1	32.2	8.2
1917 : 221.2	114.6	7.1	<u>3/</u>	39.0	19.7	35.7	5.2
1918 : 201.6	100.0	2.9	<u>3/</u>	10.9	25.2	54.4	8.2
1919 : 700.2	485.0	14.4	<u>3/</u>	57.2	63.4	65.3	14.9
1920 : 226.3	87.2	8.5	<u>3/</u>	14.7	22.6	88.2	5.2
1921 : 363.5	233.7	10.3	<u>3/</u>	15.6	38.8	53.6	11.4
1922 : 470.0	329.3	22.1	<u>3/</u>	50.2	21.2	45.7	1.4
1923 : 292.3	164.2	34.4	<u>3/</u>	45.1	19.9	27.1	1.6
1924 : 313.3	190.3	28.1	<u>3/</u>	33.7	13.4	44.4	3.4
1925 : 325.5	238.6	22.1	<u>3/</u>	22.5	16.6	23.6	2.1
1926 : 401.0	231.8	18.9	<u>3/</u>	33.5	20.9	93.3	2.7
1927 : 338.2	201.9	25.7	<u>3/</u>	62.9	23.3	22.8	2.7
1928 : 457.8	296.3	54.4	<u>3/</u>	34.9	17.4	52.0	2.9
1929 : 378.1	215.2	58.4	<u>3/</u>	44.0	19.4	39.3	1.7
1930 : 107.5	22.9	34.2	<u>3/</u>	31.2	2.4	15.1	1.7
1931 : 131.6	81.1	17.5	<u>3/</u>	7.2	3.5	20.6	1.6
1932 : 130.4	67.8	4.9	<u>3/</u>	50.8	6.1	<u>4/</u>	.9
1933 : 148.1	96.5	26.0	<u>3/</u>	18.3	3.6	2.7	1.0
1934 : 107.0	71.2	24.9	<u>3/</u>	3.2	1.2	5.1	1.4
1935 : 154.8	65.6	57.7	<u>3/</u>	25.9	1.1	3.4	1.1
1936 : 253.0	75.3	79.1	<u>3/</u>	51.4	1.7	27.4	18.1
1937 : 159.0	43.5	48.0	<u>3/</u>	16.5	.7	43.6	6.6
1938 : 149.8	47.7	49.9	<u>3/</u>	25.6	.5	21.8	4.2
1939 : 168.1	67.2	85.1	<u>3/</u>	0	1.0	12.6	2.2
1940 : 192.9	63.1	104.9	<u>3/</u>	0	3.9	17.8	3.3
1941 : 273.9	79.7	157.8	<u>3/</u>	0	11.3	20.2	5.0
1942 : 178.5	130.0	14.1	<u>3/</u>	0	3.8	23.4	7.1
1943 : 135.1	55.0	45.5	<u>3/</u>	0	5.7	19.2	9.7
1944 : 192.9	84.6	72.9	<u>3/</u>	0	9.9	23.4	2.0
1945 : 349.0	69.9	229.9	<u>3/</u>	0	27.8	20.1	1.3
1946 : 284.0	130.5	92.8	<u>3/</u>	0	39.2	18.8	2.7
1947 : 243.5	98.9	82.8	16.3	0	23.2	18.5	3.7
1948 : 176.5	99.5	33.6	14.1	0	4.9	23.9	.6
1949 <u>5/</u> : 252.7	132.4	75.5	6.8	0	20.6	17.2	0

Compiled from reports of the Bureau of the Census. Cotton Production and Distribution, Bulletin No. 136.

1/ Imports for immediate consumption and withdrawn from warehouses for consumption.

2/ Totals were made before data were rounded to thousands. 3/ Included in Indian imports. 4/ Less than 50 bales. 5/ Imports for 11 months only.

Table 6 .- Cotton prices in specified foreign markets, average 1935-39, 1940, to date

Year	Egypt		India		Pakistan		Argentina		Peru		Brazil		Mexico	
	Alexandria	Bombay	Ashmouni: Karnak	Jafrilla: 4 F Punjab: 289 F Sind: 289 F Punjab:	Karachi	Buenos Aires:	Lima	Sao Paulo:	Torreón					
beginning	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good
August 1	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average	1/12.54	2/	8.31	2/	2/	2/	12.81	10.99	10.37	11.52				
1935-39														
1940	1/11.91	2/	6.62	2/	2/	2/	11.61	7.74	6.91	11.32				
1941	1/13.57	2/	6.59	2/	2/	2/	15.45	10.46	8.42	14.68				
1942	1/16.70	2/	3/	2/	2/	2/	13.83	13.74	11.08	17.40				
1943	1/20.04	2/	3/	2/	2/	2/	13.72	16.63	13.15	19.60				
1944	1/28.32	2/	4/16.50	2/	2/	2/	15.28	15.51	14.10	18.17				
1945	5/28.29	6/31.38	16.43	2/	2/	2/	20.43	18.22	17.93	19.41				
1946	6/35.95	6/35.28	16.81	2/	2/	2/	30.14	24.93	25.88	28.34				
1947	51.75	63.38	21.47	2/	2/	2/	37.53	28.40	28.44	30.08				
1948	42.10	67.94	23.43	30.14	33.54	36.00	46.80	4/31.43	33.05	25.25				
1949	45.96	47.14	17.57	27.87	29.11	30.08	41.03	7/31.11	32.35	25.30				
1949														
August	39.27	8/64.77	23.86	31.72	33.45	33.64	54.03	5/36.53	32.17	22.16				
September:	38.57	3/	22.02	29.63	31.09	31.82	54.03	8/38.51	33.07	22.36				
October:	36.08	9/43.90	16.46	24.71	26.08	28.23	37.55	5/36.66	32.25	23.67				
November:	39.75	44.24	16.50	27.59	29.56	31.26	37.55	3/	31.76	23.73				
December:	43.21	45.60	16.50	28.20	30.58	31.46	37.55	3/	30.93	24.03				
January:	43.64	47.74	16.50	27.84	29.74	30.44	37.55	3/	30.23	25.13				
February:	42.61	46.76	16.50	27.00	27.75	28.37	37.55	3/	29.94	25.79				
March:	42.26	42.83	16.50	25.96	26.69	27.48	37.55	3/	29.51	27.16				
April:	59.62	44.91	16.50	26.47	27.02	27.62	38.14	5/24.74	29.33	27.48				
May:	74.59	45.14	16.50	27.31	27.81	28.93	39.71	24.86	31.56	27.18				
June:	3/	43.17	16.50	28.67	29.50	30.46	40.36	5/25.36	36.40	26.33				
July:	3/	49.48	16.50	29.34	30.10	31.30	40.83	3/	41.05	28.01				

1950

Computed from reports of the State Department and converted to cents per pound at current rates of exchange as reported by the Federal Reserve Board. Prices are based on prices on a certain day in each week.

1/ Price of Ashmouni, Fully Good Fair. 2/ Comparable data not readily available. 3/ No quotations. 4/ Average for 6 months. 5/ Quotations for 1 month. 6/ Average for 10 months. 7/ Average of 6 months. 8/ Average of 2 quotations. 9/ Average of 3 quotations.

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